

IWM Option Pilot Program is consistent with the Act. As the Commission previously has noted, rules regarding position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position. In particular, position and exercise limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market. In addition, such limits serve to reduce the possibility for disruption of the options market itself, especially in illiquid options classes.¹⁹

The Exchange has represented that, over the recent history of steadily increasing position and exercise limits, it has detected no adverse consequences and has received no complaints relating to their position and exercise limits or the Rule 4.11 and IWM Option Pilot Programs. According to the Exchange, it has not encountered any regulatory issues regarding the position limits subject to the two pilot programs or any instances of manipulation. Moreover, the Exchange pointed to the very significant increase in the overall volume of exchange-traded options since 1999. This growth in trading volume and number of market participants has brought additional depth and increased liquidity in exchange-traded options and thereby has lessened concerns about the potential for disruptions in the options markets that may occur through increased position and exercise limits.

The Commission expects the Exchange to continue to monitor for violations of the position and exercise limits with the purpose of discovering and sanctioning fraudulent or manipulative acts and practices, and to reassess the position and exercise limits, if and when appropriate, in light of its findings. Finally, the Commission notes that in approving the proposed rule change, it has relied upon the Exchange's representation that its surveillance procedures and reporting requirements, discussed above, will continue to monitor for manipulative schemes or too high a level of risk exposure.

In light of the foregoing, the Commission believes that the current position and exercise limits under the two pilot programs represent an appropriate balance between the Exchange's desire to accommodate market participants by offering higher position and exercise limits, particularly

in light of the marked increase in the volume of exchange-traded options in recent years, and the need to provide checks on potential market manipulation, imprudent assumption of risk (e.g., entering into large unhedged positions), and other potential trading abuses.

The Commission finds good cause for approving the proposed rule change before the 30th day after the date of publication of notice of filing in the **Federal Register**. The Commission notes that the Rule 4.11 Pilot Program and the IWM Option Pilot Program both expire on March 1, 2008. The Commission believes accelerated approval of the proposed rule change is appropriate in order to maintain uninterrupted position and exercise limit levels.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁰ that the proposed rule change (SR-CBOE-2008-07), as modified by Amendment No. 1, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57347; File No. SR-NASDAQ-2007-100]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Approving Proposed Rule Change to Nasdaq Rule 7033 To Modify the Fees Charged for the Mutual Fund Quotation Service and To Correct Certain Errors in the Rule Manual

February 19, 2008.

On December 19, 2007, The NASDAQ Stock Market LLC ("Nasdaq") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to modify the fees charged for the Mutual Fund Quotation Service and to correct certain errors in the rule manual. The proposed rule change was published for comment in the **Federal**

Register on January 14, 2008.³ The Commission received no comments regarding the proposal.

The Commission has carefully reviewed the proposed rule change and finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange⁴ and, in particular, Section 6(b)(4) of the Act,⁵ which requires that Nasdaq's rules provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities. Nasdaq proposes to amend Rule 7033 to include subsection (e), which provides for the assessment of a monthly fee on distributors of the Mutual Fund Quotation Service. When Nasdaq began operating as a national securities exchange in 2006, it adopted as its own rules numerous rules of the National Association of Securities Dealers, Inc. ("NASD"). Due to the omission of this subsection from the NASD manual, however, Nasdaq failed to include this subsection in its manual. The Commission believes that it is appropriate for Nasdaq to amend Rule 7033 to include subsection (e), as this corrects an omission in Nasdaq's rules. Nasdaq requested that the change be approved retroactive to August 1, 2006, the date Nasdaq began operating as an exchange. Nasdaq also proposes to modify the fees for the News Media and Supplemental Lists to reflect the similarity of effort in providing these services, effective retroactively to January 1, 2008. The Commission believes that it is reasonable to modify the prices charged for the News Media and Supplemental Lists to reflect the increased services provided by Nasdaq in connection with the Supplemental List, and a uniformity of effort in providing both services.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-NASDAQ-2007-100) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Florence E. Harmon,

Deputy Secretary.

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³ See Securities Exchange Act Release No. 57105 (January 4, 2008), 73 FR 2296.

⁴ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f(b)(4).

⁶ 17 CFR 200.30-3(a)(12).

²⁰ 15 U.S.C. 78s(b)(2).

²¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁹ See Securities Exchange Act Release No. 39489, *supra* note 11.